



U.S Department
of Transportation

Federal Aviation
Administration

Western-Pacific Region
Airports Division

1137
P.O. Box 92007
Los Angeles, CA 90009

JUN 17 2004

Brian Sekiguchi
Deputy Director
State of Hawaii, Department of Transportation
400 Rodgers Blvd., Suite 700
Honolulu, HI 96819-1880

Dear Mr. Sekiguchi:

In accordance with section 158.29 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158), the Federal Aviation Administration (FAA) has approved your Applications Number 04-01-C-00-HNL, 04-01-C-00-OGG, 04-01-C-00-KOA, and 04-01-C-00-LIH to impose a passenger facility charge (PFC) at Honolulu International Airport (HNL), Kahului Airport (OGG), Kona International Airport (KOA), and Lihue Airport (LIH) for use at HNL, OGG, KOA, and LIH. The authority to impose a PFC is contingent on your continued compliance with the terms of the regulation and other conditions included in this letter.

Enclosed is a Final Agency Decision which provides specific information about this approval including, for each airport, the approved PFC level, total amount of approved net PFC revenue to be collected, earliest charge effective date, and duration of authority to impose the PFC. This Decision also includes information on the approved projects as well as the FAA's reasons for its decision. The FAA's findings and determinations required by statute and Part 158 are also included in the Decision.

The FAA has approved collection of a PFC at all four airports and use of PFC revenue on three projects at HNL, two projects at OGG, one project at KOA, and one project at LIH. The total approved PFC revenue to be collected at all four airports is \$42,632,466.

We wish to point out a potential conflict between the definition of airport revenue which may be proposed in general airport revenue bonds and conditions contained in your PFC approval. Specifically, bond resolutions may define pledged airport revenue in broad terms which may be interpreted to include PFC revenues. New bond issues should clarify that use of PFC revenues is limited to the allowable costs of approved PFC projects. The terms of PFC approval do not permit the use of PFC revenues to pay debt service on any new or outstanding bonds issued to finance other than approved PFC projects.

Reporting, record keeping, and auditing requirements are specified in Part 158, Subpart D. Please issue your required quarterly reports in accordance with the enclosed guidance. Please coordinate construction proposals with the appropriate federal offices as you would with any nonfederally funded construction.

You are required to implement your projects approved for concurrent impose and use authority within 2 years of this date. Section 158.33(a)(1) requires the public agency to begin implementation of a project no later than 2 years after receiving approval to use PFC revenue on that project.

We have enclosed the list of FAA Advisory Circulars with which you must comply in accordance with your certification of assurance number 9, standards and specifications.

Sincerely,



Mark A. McClardy
Manager, Airports Division

Enclosures

FINAL AGENCY DECISION

STATE OF HAWAII
HONOLULU, HAWAII

Applications Number 04-01-C-00-HNL, 04-01-C-00-OGG, 04-01-C-00-KOA, and 04-01-C-00-LIH to impose a passenger facility charge (PFC) at Honolulu International Airport (HNL), Kahului Airport (OGG), Kona International at Keahole Airport (KOA), and Lihue Airport (LIH) for use at HNL, OGG, KOA, and LIH.

In accordance with §158.29 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158), this Final Agency Decision includes all appropriate determinations to approve or disapprove, in whole or in part, imposition of a PFC at HNL, OGG, KOA, and LIH and use of PFC revenue on seven projects: three projects at HNL, two projects at OGG, one project at KOA, and one project at LIH.

Procedural History (Dates)

Air carrier consultation meeting: January 14, 2004
Federal Aviation Administration (FAA) applications receipt: February 20, 2004
FAA finding that applications are substantially complete: March 19, 2004
Federal Register notice inviting public comment: April 26, 2004
Federal Register comment period closed: May 26, 2004

SUMMARY OF APPROVED COLLECTIONS FOR THE STATE OF HAWAII

<u>Application Number</u>	<u>Approved for Collection</u>	<u>Approved for Use</u>
04-01-C-00-***	\$42,632,466	\$42,632,466
Totals	\$42,632,466	\$42,632,466

***This action applies to each of the State of Hawaii's (State's) four airports imposing PFC's. The State's intent is to collect a pro-rata share of the total approved amount at each imposing airport, HNL, OGG, KOA, and LIH. Based on the State's estimate of collections at each of the four airports, the FAA estimates that HNL will collect approximately 75.8 percent of the total approved amount, OGG will collect approximately 21 percent, KOA will collect approximately 2.5 percent, and LIH will collect approximately 0.7 percent.

INFORMATION REGARDING EACH AIRPORT

Application to Collect a PFC at HNL and use at HNL, OGG, KOA, and LIH.

PFC Level, Amount and Charge Effective Date

Level of PFC: \$3.00
Total approved net PFC revenue
approved for collection at HNL
in this decision: \$32,296,466
Earliest charge effective date: October 1, 2004

October 1, 2004, is the "earliest" charge effective date. In establishing its charge effective date, the public agency must comply with §158.43(b)(3) which states, in part, that the charge effective date will be the first day of a month which is at least 60 days from the date the public agency notifies the carriers of approval to impose the PFC.

Duration of Authority

The State of Hawaii is authorized to impose a PFC at HNL until the date on which the total net PFC revenue collected plus interest thereon equals the allowable cost of the approved projects or the charge expiration date is reached, whichever comes first. Based on information submitted by the State of Hawaii, the FAA estimates the charge expiration date to be February 1, 2007.

Cumulative PFC Authority Including Current Decision

For the purposes of any future amendments under §158.37 which may increase the total approved net PFC revenue, the following amounts, "Approved for Use", are specified. The applicability of §158.37(b) is determined by comparing the sum total actual costs of all projects approved for use of PFC revenue within a given application. The amount "Approved for Collection" shown for each application is the total collection authorized for all projects within a given application, including those for which only collection is authorized.

DECISION SUMMARY TABLE

<u>Application Number</u>	<u>Approved for Collection</u>	<u>Approved for Use</u>
04-01-C-00-HNL	\$32,296,466	\$32,296,466
Totals	\$32,296,466	\$32,296,466

Application to Collect a PFC at OGG and use at HNL, OGG, KOA, and LIH.

PFC Level, Amount and Charge Effective Date

Level of PFC:	\$3.00
Total approved net PFC revenue approved for collection at OGG in this decision:	\$8,950,000
Earliest charge effective date:	October 1, 2004

October 1, 2004, is the "earliest" charge effective date. In establishing its charge effective date, the public agency must comply with §158.43(b)(3) which states, in part, that the charge effective date will be the first day of a month which is at least 60 days from the date the public agency notifies the carriers of approval to impose the PFC.

Duration of Authority

The State of Hawaii is authorized to impose a PFC at OGG until the date on which the total net PFC revenue collected plus interest thereon equals the allowable cost of the approved projects or the charge expiration date is reached, whichever comes first. Based on information submitted by the State of Hawaii, the FAA estimates the charge expiration date to be February 1, 2007.

Cumulative PFC Authority Including Current Decision

For the purposes of any future amendments under §158.37 which may increase the total approved net PFC revenue, the following amounts, "Approved for Use", are specified. The applicability of §158.37(b) is determined by comparing the sum total actual costs of all projects approved for use of PFC revenue within a given application. The amount "Approved for Collection" shown for each

application is the total collection authorized for all projects within a given application, including those for which only collection is authorized.

DECISION SUMMARY TABLE

<u>Application Number</u>	<u>Approved for Collection</u>	<u>Approved for Use</u>
04-01-C-00-OGG	\$8,950,000	\$8,950,000
Totals	\$8,950,000	\$8,950,000

Application to Collect a PFC at KOA and use at HNL, OGG, KOA, and LIH.

PFC Level, Amount and Charge Effective Date

Level of PFC:	\$3.00
Total approved net PFC revenue approved for collection at KOA in this decision:	\$1,065,000
Earliest charge effective date:	October 1, 2004

October 1, 2004, is the "earliest" charge effective date. In establishing its charge effective date, the public agency must comply with §158.43(b)(3) which states, in part, that the charge effective date will be the first day of a month which is at least 60 days from the date the public agency notifies the carriers of approval to impose the PFC.

Duration of Authority

The State of Hawaii is authorized to impose a PFC at KOA until the date on which the total net PFC revenue collected plus interest thereon equals the allowable cost of the approved projects or the charge expiration date is reached, whichever comes first. Based on information submitted by the State of Hawaii, the FAA estimates the charge expiration date to be February 1, 2007.

Cumulative PFC Authority Including Current Decision

For the purposes of any future amendments under §158.37 which may increase the total approved net PFC revenue, the following amounts, "Approved for Use", are specified. The applicability of §158.37(b) is determined by comparing the sum total actual costs of all projects approved for use of PFC revenue within a given application. The amount "Approved for Collection" shown for each application is the total collection authorized for all projects within a given application, including those for which only collection is authorized.

DECISION SUMMARY TABLE

<u>Application Number</u>	<u>Approved for Collection</u>	<u>Approved for Use</u>
04-01-C-00-KOA	\$1,065,000	\$1,065,000
Totals	\$1,065,000	\$1,065,000

Application to Collect a PFC at LIH and use at HNL, OGG, KOA, and LIH.

PFC Level, Amount and Charge Effective Date

Level of PFC:	\$3.00
Total approved net PFC revenue approved for collection at LIH in this decision:	\$321,000
Earliest charge effective date:	October 1, 2004

October 1, 2004, is the "earliest" charge effective date. In establishing its charge effective date, the public agency must comply with §158.43(b)(3) which states, in part, that the charge effective date will be the first day of a month which is at least 60 days from the date the public agency notifies the carriers of approval to impose the PFC.

Duration of Authority

The State of Hawaii is authorized to impose a PFC at LIH until the date on which the total net PFC revenue collected plus interest thereon equals the allowable cost of the approved projects or the charge expiration date is reached, whichever comes first. Based on information submitted by the State of Hawaii, the FAA estimates the charge expiration date to be February 1, 2007.

Cumulative PFC Authority Including Current Decision

For the purposes of any future amendments under §158.37 which may increase the total approved net PFC revenue, the following amounts, "Approved for Use", are specified. The applicability of §158.37(b) is determined by comparing the sum total actual costs of all projects approved for use of PFC revenue within a given application. The amount "Approved for Collection" shown for each application is the total collection authorized for all projects within a given application, including those for which only collection is authorized.

DECISION SUMMARY TABLE

<u>Application Number</u>	<u>Approved for Collection</u>	<u>Approved for Use</u>
04-01-C-00-LIH	\$321,000	\$321,000
Totals	\$321,000	\$321,000

Project Approval Determinations

For the projects approved in this Final Agency Decision and for each application as a whole, the FAA made the following determinations:

- The amount and duration of the PFC will not result in revenue that exceeds the amount necessary to finance the projects.
- The approved projects meet at least one of the objectives set forth in §158.15(a); and are eligible in accordance with §158.15(b) and are adequately justified in accordance with §158.15(c) and paragraph 4-8 of FAA Order 5500.1, Passenger Facility Charge (August 9, 2001).

- All project-related requirements pertaining to the airport layout plan and airspace studies have been met. Environmental requirements (§158.29(b)(1)(iv)) are discussed under a separate heading below.
- The collection process, including a request by the public agency not to require a class or classes of carrier to collect PFC, is reasonable, not arbitrary, nondiscriminatory, and otherwise in compliance with the law.
- The public agency has not been found to be in violation of §9304(e) or §9307 of the Airport Noise and Capacity Act (ANCA) of 1990 (since codified as 49 U.S.C. 47524 and 47526).

Projects Approved for Authority to Impose a PFC at HNL, OGG, KOA, and LIH and Use PFC Revenue at HNL at a \$3.00 Level

<u>Description:</u>	<u>Approved Amount</u>
Flight Information Display (FIDS) and Public Address (PA) System Improvements	\$8,796,466

This project consists of replacing and upgrading the Flight Information Display System (FIDS), Public Address (PA) System, and the Visual Information Display System (VIDS). This project will provide an integrated and electronic information system for all existing terminal buildings (overseas, inter-island, and commuter terminals). Currently, the FIDS and PA system are separated and information can only be sent based on individual airlines flight information. The new information system will improve the audible and visual flight information for all flights anywhere within terminal buildings as well as providing immediate notification messages in case of an emergency. In addition, the VIDS will be integrated with the PA system for people with hearing or visual impairment to comply with the American with Disability Act requirements.

Determination:

Approved for collection and use.

PFC objective: enhance safety and preserve capacity.

Basis for eligibility: paragraphs 601 and 605 of Change 1 of FAA Order 5100.38B, AIP Handbook, (January 8, 2004).

Estimated total project cost: \$11,400,000.

Proposed sources of financing: PFC revenue, existing AIP 3-15-0005-64 grant, and local funds.

PFC funds break-out: HNL \$6,660,466; OGG \$1,850,000; KOA \$220,000; LIH \$66,000.

Air Conditioning System Improvements	\$22,000,000
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This project consists of replacement and installation of a new heating ventilation and air conditioning (HVAC) system for the overseas terminal and associated concourses. The project includes replacement of the airport chiller plant in the overseas terminal and construction of a new chilled-water loop. The existing chiller plant is over 30 years old and has outlived its useful life. The new chilled-water loop will connect the chiller plants of the overseas terminal to the Diamond Head and Ewa concourses. Currently, each chiller plant runs independently from the others. The project is necessary to prevent potential system failure and maintain current building capacity. The new system will make the air conditioning system more energy efficient and improve passenger comfort.

Determination:

Approved for collection and use.

PFC objective: Preserve capacity.

Basis for eligibility: Paragraphs 604 and 609 of Change 1 to FAA Order 5100.38B, AIP Handbook, (January 8, 2004). Costs of terminal improvements have been limited to eligible passenger movement areas.

Estimated total project cost: \$24,000,000

Proposed sources of financing: PFC revenue and local funds.

PFC funds break-out: HNL \$16,664,000; OGG \$4,620,000; KOA \$550,000; LIH \$166,000.

**Environmental Compliance Measures
(South Ramp)**

\$1,500,000

The project provides for construction of a drainage control and fuel spill collection system for environmental mitigation. The approximately 15,000-square foot system will be constructed at the consolidated fuel mobile tanker parking lot, located in the south aircraft apron area. Currently, the airport Spill Prevention Countermeasure and Control Plan (SPCC) identifies 11 locations in the south apron area that lack drainage control regarding fuel spills. The system is necessary to prevent spills from the 31 mobile fuel tanks currently operating on the south apron, from entering the drainage system that discharges into Ke'ehi Lagoon. The project will bring the airport into compliance with the oil pollution prevention regulations issued by the United States Environmental Protection Agency.

Determination:

Approved for collection and use.

PFC objective: enhance safety.

Basis for eligibility: paragraphs 580 and 586 of Change 1 to FAA Order 5100.38B, AIP Handbook, (January 8, 2004).

Estimated total project cost: \$1,800,000.

Proposed sources of financing: PFC revenue and local funds.

PFC funds break-out: HNL \$1,136,250; OGG \$315,000; KOA \$37,500; LIH \$11,250.

Projects Approved for Authority to Impose a PFC at HNL, OGG, KOA, and LIH and Use PFC Revenue at OGG at a \$3.00 Level

Runway Safety Area Improvements

\$7,500,000

This project consists of improving the safety areas of runways 2/20 and 5/23, and associated parallel taxiways. The project includes site grading and construction of a new drainage system including installation of underground box culverts. The existing safety areas do not meet FAA minimum standards due to the existence of open ditches, swales, and inadequate surface grading. The project is necessary to keep the runway and taxiway safety areas free from objects that constitute hazards to aircraft operations. The project is recommended by the FAA Safety and Certification Inspector to meet Part 139 requirements.

Determination:

Approved for collection and use.

PFC objective: enhance safety.

Basis for eligibility: paragraph 513 of Change 1 to FAA Order 5100.38B, AIP Handbook, (January 8, 2004).

Estimated total project cost: \$8,500,000.

Proposed sources of financing: PFC revenue, existing AIP 3-15-0006-033 grant, and local funds.

PFC funds break-out: HNL \$5,682,250; OGG \$1,575,000; KOA \$186,500; LIH \$56,250.

Perimeter Road Improvements and Fencing **\$1,450,000**

This project consists of improving the existing airfield perimeter road (approximately 12,500 linear feet), and relocation and/or replacement of the surrounding fence. The project includes grading, realigning, and paving the perimeter road and installing a new 6-foot security fence. The existing road is partially paved and portion of the road is located within the runway 5/23 safety areas. The existing fence has deteriorated. The perimeter road will be relocated outside the runway safety areas to avoid potential runway incursions. This project is necessary to provide adequate access for aircraft rescue and firefighting vehicles as well as for maintenance and inspection vehicles. This project is recommended by the Transportation Security Administration (TSA) to meet Part 1542 access control requirements and also by the FAA Safety and Certification Inspector to meet Part 139 requirements.

Determinations:

Approved for collection and use.

PFC objective: preserve safety and security.

Basis for eligibility: paragraphs 527 and 547(f) of Change 1 to FAA Order 5100.38B, AIP Handbook, (January 8, 2004).

Estimated total project cost: \$1,590,000.

Proposed sources of financing: PFC revenue and local funds.

PFC funds break-out: HNL \$1,103,000; OGG \$300,000; KOA \$36,000; LIH \$11,000.

Project Approved for Authority to Impose a PFC at HNL, OGG, KOA, and LIH and Use PFC Revenue at KOA at a \$3.00 Level

**Perimeter Road Improvements and Fencing, and
GA Apron Lighting** **\$1,065,000**

This project consists of construction of an airfield perimeter road and replacement of the surrounding fence (approximately 29,000 lineal feet). The project also includes installation of additional apron lighting at the commuter terminal facility. Road construction will include clearing and grubbing, excavation and embankment, disposal of materials, backfill, and asphalt concrete pavement. The existing perimeter road is not paved and the surrounding fence is deteriorated. Airport vehicles have difficulty traversing the unpaved lava rock road to inspect the air operations area perimeter. The project will reduce the costs of manpower and vehicle repairs required to conduct the inspections. Construction of the service road is necessary to facilitate access to ground vehicles to accomplish perimeter fencing inspections. Vehicle inspections are performed daily to ensure airport security. Installation of new perimeter fencing and additional apron lighting is necessary to discourage unauthorized activities. This project is recommended by the TSA to meet Part 1542 access control requirements and also by the FAA Safety and Certification Inspector to meet Part 139 requirements.

Determination:

Approved for collection and use.

PFC objective: enhance safety and security.

Basis for eligibility: paragraphs 527, 535(e), and 547(f) of Change 1 to FAA Order 5100.38B, AIP Handbook, (January 8, 2004).

Estimated total project cost: \$3,000,000.

Proposed sources of financing: PFC revenue and existing AIP 3-15-0008-19 grant.

PFC funds break-out: HNL \$807,000; OGG \$223,000; KOA \$27,000; LIH \$8,000.

Project Approved for Authority to Impose a PFC at HNL, OGG, KOA, and LIH and Use PFC Revenue at LIH at a \$3.00 Level

Perimeter Road Improvements and Fencing \$321,000

This project consists of construction of an airfield perimeter road and replacement of the surrounding fence (approximately 16,000 lineal feet). The project will include clearing and grubbing, excavation and embankment, disposal of materials, backfill, and asphalt concrete pavement and installation of six-foot high fencing. The existing perimeter road is not paved and the adjacent fence is deteriorated. Airport vehicles have difficulty traversing the unpaved road to inspect the air operations area perimeter. The project will reduce the costs of manpower and vehicle repairs required to conduct the inspections. Construction of the service road is necessary to facilitate access to ground vehicles to accomplish perimeter fencing inspections. Inspections are performed daily to ensure airport security. Installation of new perimeter fencing is necessary to discourage unauthorized access. This project is recommended by the TSA to meet Part 1542 access control and also by the FAA Safety and Certification Inspector to meet Part 139 certification safety requirements.

Determination:

Approved for collection and use.

PFC objective: enhance safety and security.

Basis for eligibility: paragraphs 527 and 547(f) of Change 1 to FAA Order 5100.38B, AIP Handbook, (January 8, 2004).

Estimated total project cost: \$3,210,000.

Proposed sources of financing: PFC revenue and existing AIP 3-15-0013-25 grant.

PFC funds break-out: HNL \$243,500; OGG \$67,000; KOA \$8,000; LIH \$2,500.

Environmental Requirements

The projects approved in this application for concurrent authority to impose and use the PFC were examined under the guidelines contained in FAA Order 1050.1E, Environmental Impact: Policies and Procedures (June 8, 2004), and each project has been determined to be categorically excluded from the requirement for formal environmental review. There appear to be no extraordinary circumstances requiring further review.

Request Not to Require a Class or Classes of Carriers to Collect PFC's

The State of Hawaii did not request that a class or classes of carriers be excluded from the requirement to collect PFC's at any of the four collecting airports.

Determination: No FAA action required. The FAA notes that, in accordance with section 158.9(4), no public agency may impose a PFC on any passenger on flights, including flight segments, between two or more points in Hawaii.

Compliance with the Airport Noise and Capacity Act of 1990 (ANCA)

The FAA is not aware of any proposal at HNL, OGG, KOA, and LIH which would be found to be in violation of the ANCA. The FAA herein provides notice to the State that a restriction on the operation of aircraft at these four airports must comply with all applicable provisions of the ANCA and that failure to comply with the ANCA and Part 161 makes the State of Hawaii subject to provisions of Subpart F of that Part. Subpart F, "Failure to Comply with This

Part," describes the procedures to terminate eligibility for AIP funds and authority to collect PFC revenues.

Compliance with Subsection 47107(b) Governing Use of Airport Revenue

As of the date of this approval, the State of Hawaii has not been found to be in violation of 49 U.S.C. 47107(b) or in violation of grant assurances made under 49 U.S.C. 47107(b).

Compliance with Requirement to Submit a Competition Plan

As of the date of this approval, the State of Hawaii has complied with the requirement to submit a competition plan in accordance with §158.29(a)(1)(viii) as it relates to Kahului Airport. Furthermore, by a letter dated May 12, 2004, the FAA has determined that the plan is in accordance with §155 of AIR-21. HNL, KOA, and LIH are not subject to the competition plan requirement.

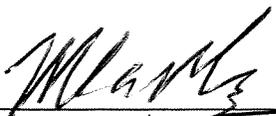
Federal Register Comments

The FAA did not receive any comments in response to the Federal Register notice inviting public comments on these applications.

Legal Authority

This decision is made under the authority of 49 U.S.C. 46110 and 40117, as amended. This decision constitutes a final order to approve, in whole or in part, the State of Hawaii's applications to impose a PFC and use PFC revenue on seven projects at HNL, OGG, KOA, and LIH. Any party to this proceeding having a substantial interest may appeal the decision to the courts of appeals for the United States or the United States Court of Appeals for the District of Columbia upon petition, filed within 60 days after issuance of this decision.

Concur



 Manager, Airports Division
 Western-Pacific Region

6/17/04

 Date

Nonconcur

 Manager, Airports Division
 Western-Pacific Region

 Date